



Cho Legal Group LLC  
100 Plainfield Avenue  
2d Floor, Ste 8E  
Edison, NJ 08817  
USA

**Attention: Jae H. Cho**

10 September 2020

4th Floor  
Harbour Centre  
42 North Church Street  
P.O. Box 2255  
Grand Cayman  
KY1-1107  
Cayman Islands

Tel: 1-345-949-0003  
markrussell@ksglaw.ky

[www.ksglaw.ky](http://www.ksglaw.ky)

Our Ref: 1649/20  
Sent by: Email only

Dear Mr Cho,

**Re: China AI Capital Limited  
Subscription Agreement with Link Motion Inc.**

We refer to your letter dated 4 September 2020, received by us on 8 September 2020, in response to our letter to China AI dated 25 August 2020. We confirm that China AI's registered agent in the BVI received a hardcopy of our letter on 28 August 2020. We adopt the defined terms used in our 25 August 2020 letter.

In your letter, you state that China AI and Link Motion agreed to stay China AI's obligations under the Subscription Agreement. There is no such agreement. You provide no evidence for this agreement or any details on the terms on which such stay was premised. In any event, an indefinite stay of your client's obligations would necessarily be terminable on reasonable notice, particularly where China AI has enjoyed the benefit of the Shares for more than two years having only paid 50% of the subscription price.

It also appears that you have misunderstood the terms on which the Receiver is prepared to agree to a Closing. The Receiver cannot give the representations and warranties set out in section 3 of the Subscription Agreement, including those at items (h) and (o). That is why the proposal set out in our letter requires China AI to waive the closing condition at section 2(d)(viii). Nor is the Receiver in a position to provide China AI with the financial statements and business plan that you request. This material is simply unavailable to the Receiver given the activities and conduct of former management who have continually acted to obstruct the Receiver's access to corporate records.



Similarly, your stated concern about the Receiver's authority to ensure that China AI's nominees are appointed as directors is misplaced. As a matter of Cayman Islands law, Link Motion itself could not have ensured that those nominees would be appointed directors absent a binding voting agreement between sufficient shareholders or an amendment to the company's Articles of Association. Your client took on this contractual risk when originally entering into the Subscription Agreement and cannot now use it to escape from the consequences.

Notwithstanding the above, given your confirmation that China AI "*stands ready and willing to make the Closing Payment of \$10,000,000 upon mutually agreeable terms*", we take this opportunity to confirm the terms that would satisfy the Receiver:

1. China AI waives the closing conditions set out in sections 2(d)(ii) *through* (vi), and 2(d)(viii), of the Subscription Agreement.
2. As evidence that China AI has the financial resources to make the Closing Payment, China AI pays US\$10,000,000 into the Receiver's Cayman Islands attorneys USD trust account, to be held in escrow, by 5pm Cayman Islands time on 16 September 2020. Payment details are:

|                                     |   |
|-------------------------------------|---|
| <b>Bank</b>                         | Butterfield Bank (Cayman)<br>Limited  |
| <b>SWIFT/BIC</b>                    | BNTBKYKYXXX   |
| <b>Beneficiary Name and Address</b> | KSG Attorneys Ltd<br>4th Floor Harbour Centre<br>42 North Church Street<br>PO Box 2255<br>Grand Cayman KY1-1107<br>Cayman Islands |
| <b>Beneficiary Account Number</b>   | 8401645760038   |
| <b>Beneficiary Reference Number</b> | 01649/MR  |

3. AI and the Receiver entering into a formal agreement to document the Closing within 20 business days of receipt of the US\$10,000,000 as above. The formal agreement will include customary representations and warranties for a transaction of this nature from China AI, including those currently set out in the Subscription Agreement and as to the legal and beneficial ownership of China AI. As the Receiver has been appointed by the courts, the formal agreement may be subject to approval by an appropriate court.



4. On Closing, the Receiver will cause Link Motion to update its register of members to show the Shares as fully paid and deliver a copy of the register of members to China AI.
5. If a formal agreement cannot be agreed in the timeframe stated at item 3 above, the US\$10,000,000 will be promptly returned to China AI without deduction save for any applicable bank fees or service charges.

If China AI is not prepared to move forward on this basis, the Receiver will take immediate steps to forfeit the Unpaid Shares in accordance with Link Motion's rights and powers under the Subscription Agreement and the Articles of Association.

All the Receiver's and Link Motion's rights are reserved.

Yours faithfully

A handwritten signature in black ink, consisting of the letters 'KSG' in a stylized, cursive script.

KSG Attorneys at Law